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SUBJECT: TUNISIA - ECONOMIC HIGHLIGHTS

11. (U) This cable contains highlights of recent economic developments in Tunisia on the following topics:

- 1A. Tunisia Tourism Revenue Up
- 1B. Tunisia Gets US \$30.6 million Loan For Water Project
- 1C. Sotrapil Cancels Tunisian Oil Pipeline Project
- 1D. Tunisiana Banned From Third Telecoms License

Tunisia Tourism Revenue Up

12. (SBU) Minister of Tourism Khelil Lajimi affirmed Tunisia's tourism revenue reached 2.90 billion dinars (US \$2.4 billion) in the first ten months of 2008; up 10 percent over the same period the year before. The number of tourists visiting the country during the January to October timeframe increased 3.4 percent to 6.28 million. The government expects final tallies of tourism revenue to increase 8 percent over last year's record figure of 3.0 billion dinars (US \$2.37 billion). The Minister made the announcement during the parliamentary debates over the national 2009 budget. Despite the good news for 2008, the Minister mentioned that it is unclear as of yet what impact the financial crisis will have on the tourist sector in 2009. Tourism supports roughly 380,000 direct and indirect jobs in Tunisia. (NOTE: Despite Minister Lajimi's affirmations, local tour operators confirmed in private discussions with EconOff that right now there are fewer advanced bookings for the summer months than in recent years.)

Tunisia Gets US \$30.6 million Loan For Water Project

13. (U) On December 11, the African Development Bank (AfDB) Group Board of Directors approved a 22.91 million Euro (US \$30.6 million) loan to finance phase two of Tunisia's Water Sector Investment Project (PISEAU II), according to an AfDB statement. PISEAU II is a component of the Tunisian Water Mobilization and Management Strategy 2002-2011, and a follow up to PISEAU I which lasted from 2002 to 12007. The main objective of PISEAU II is to promote efficient and integrated management of conventional water resources (including dams, ponds, boreholes and surface wells) as well as non-conventional water sources (wastewater and brackish water) to meet the challenge of water scarcity in the country. The project is intended to benefit Tunisia's rural population. The goal of the project is to strengthen irrigated agriculture and increase available drinking water. The project is also geared to address water issues related to climate change. Implementation of the project will begin in 2009 and cover a five-year period. The total

project cost is Euro 122.01 million (US \$163.33 million). The project will be co-financed by the French Development Agency (AFD), the World Bank and the Tunisian Government. During the last 10 years the World Bank, among others, encouraged and financed GOT efforts to improve water resource management

Sotrapil Cancels Tunisian Oil Pipeline Project

¶4. (U) On December 1 the Tunisian state owned oil and gas pipeline operator Sotrapil publicly cancelled a fuel pipeline construction project due to concerns about the project's profitability. The project was planned to link the Sahel and Skhira zones by building on the existing Sidi Khilani-Skhira pipeline. The 185 km pipeline was designed to move refined fuel products between storage facilities in central and southern Tunisia. The project was initially scheduled to begin by the end of 2007. Sotrapil said it also aimed to cancel capital increases approved by shareholders in 2007 and 2008 and replace them with a smaller share issue that would boost its capital to TND 16.359 million (US \$13.578 million) from TND 15.730 million (US \$13.056 million). In 2001, the GOT sold 30 percent of SOTRAPIL capital on the Tunisian Stock Exchange.

Tunisiana Banned From Third Telecoms License

¶5. (U) Tunisiana, Tunisia's private mobile phone operator, is barred from bidding on the recently announced fixed and mobile line tender. Tunisiana, a joint venture between Egypt's Orascom Telecom and Kuwait's Wataniya, publicly indicated its interest in acquiring the

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license. Instance Nationale de Telecommunications, the telecommunication regulator, announced the decision to bar Tunisiana from bidding on December 10 and offered no further explanation for the decision. The new license includes the right to operate a 3G mobile phone network, enabling the winning firm to provide additional services such as mobile broadband. Neither Tunisiana or Tunisie Telecom are currently allowed to provide 3G services.

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